The Politics of EU–China Economic Relations

An Uneasy Partnership
## CONTENTS

**Part I  EU–China Relations in a Global Context**  

1  **A New Economic Relationship in a Changing World**  
   *Why Another Book on China?*  
   *Outline of Chapter Structure*  
   *Conclusion*  
   *Notes*  

2  **The EU’s Growing Links with China’s Reforming Economy**  
   *China’s Economic Rise and Growing Global Weight*  
   *The Growth of EU–China Interdependence and Its Impacts*  
       *Trade*  
       *Investment*  
       *Technology and Knowledge Transfer*  
       *The Impact of Closer EU–China Economic Relations*  
   *Policy Challenges for the Knowledge-Based Economy*  
   *Conclusion*  
   *Notes*  

---

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A New Economic Relationship in a Changing World</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Why Another Book on China?</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Outline of Chapter Structure</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Conclusion</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Notes</td>
<td>15</td>
</tr>
<tr>
<td>2</td>
<td>The EU’s Growing Links with China’s Reforming Economy</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>China’s Economic Rise and Growing Global Weight</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>The Growth of EU–China Interdependence and Its Impacts</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>Trade</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>Investment</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>Technology and Knowledge Transfer</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>The Impact of Closer EU–China Economic Relations</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Policy Challenges for the Knowledge-Based Economy</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Conclusion</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>Notes</td>
<td>35</td>
</tr>
</tbody>
</table>
3 The EU and China in the Governance of Global Financial and Trading Systems
   The Contemporary Evolution of Global Governance 41
   The EU and Global Economic Governance: Characteristics, Challenges, and Objectives 44
       European Policy Challenges 45
       Contrasting Objectives over the Shape of Power Politics 47
   China and Global Economic Governance: Securing Interests as a Re-Emerging Power 48
       Chinese Attitudes to the Future of Global Economic Governance 50
   Current Policy Engagement by the EU and China in Economic Governance 52
       The International Financial System 52
       International Banking Regulation 54
       The International Trading System 55
   Implications and Conclusions 58
   Notes 60

Part II Opportunities and Risks in the EU–China Relationship 67

4 Trade
   Why EU–China Trade Matters 69
       For China 70
   The Problems: EU Perceptions of Chinese Trade Policy 72
       Trade Barriers 73
       Unfair Competition 80
   The Problems: Chinese Perceptions of the EU's Trade Policy 86
       Trade Barriers 86
       Discriminatory Treatment 87
   Conclusion 90
   Notes 92
## Contents

### 5 Investment

- The Economic Significance of FDI
- EU and China Approaches to FDI
  - The EU
  - China
- The EU–China Investment Relationship
  - EU Investment in China
  - Chinese Investment in the EU
- Prospects for Change: An EU–China Investment Agreement
- Notes

### 6 Innovation and Research

- The Policy Framework for EU–China Cooperation
  - Cooperating on Common Concerns
- Chinese and European Innovation Capabilities in Comparative Perspective
  - China’s Investment in R&D Inputs
  - Assessing the Quality of China’s Innovative Outputs
- Political Obstacles to Achieving Greater Cooperation
  - China’s Legal Framework
  - The EU’s Capacity to Act as a Partner
- Conclusion
- Notes

### 7 Monetary Affairs

- The International Standing of the Euro and the RMB
- EU–China Economic and Monetary Cooperation
- Policy Intentions and Difficulties
  - The EU
- How Will Integration of China into the International Monetary System Affect the EU and the Euro?
- Conclusion
- Notes
CONTENTS

8 Cooperation on Common Economic Challenges 171
   EU–China Policy Dialogues: How Do They Work? 172
   Case Studies
      Environmental Policy Dialogue 176
      Climate Change Partnership 178
      Energy Dialogue 181
      Sustainable Urbanisation Partnership 183
   What Difference Do the EU–China Dialogues Make? 185
   The EU or Its Member States as China’s Partner? 186
   Conclusion 188
   Notes 190

Part III The Importance of EU–China Economic Relations in the Coming Decade 197

9 The Elephant in the Room: The Role of the USA in EU–China Relations 199
   Fracturing Member State Attitudes 200
   The US Dimension in the Union’s Bilateral Relationship with China 204
   Challenges for the EU in Building Regional Relations Across East and South East Asia 207
   The US Role as Global Hegemon in EU–China Relations 210
   Conclusion 211
   Notes 212

10 Conclusion: Optimism or Pessimism About the future of EU–China Economic relations 217
   Gaps between Potential and Performance in the EU–China Strategic Partnership 218
      Potential for Partnership 218
      Performance of the Partnership 220
   Relative Importance and Durability of Political Obstacles to Closer EU–China Economic Cooperation 221
<table>
<thead>
<tr>
<th>CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Obstacles in China</td>
</tr>
<tr>
<td>Political Obstacles in the EU</td>
</tr>
<tr>
<td>Most Promising and Least Promising Areas for Cooperation</td>
</tr>
<tr>
<td>Promising Areas</td>
</tr>
<tr>
<td>Less Promising Areas</td>
</tr>
<tr>
<td>Conclusions</td>
</tr>
<tr>
<td>Notes</td>
</tr>
</tbody>
</table>

Index | 233 |